

October 17, 1997

PUBLIC UTILITIES COMMISSION
Requirement That Interexchange
Carriers Specify in Writing Terms
and Rates for Services Offered,
as well as Providing Notice to
Subscribers of Rate Increases
and the Sale or Transfer of
the Carrier

ORDER

WELCH, Chairman; NUGENT and HUNT, Commissioners

I. SUMMARY

On July 7, 1997, the Commission opened an inquiry to obtain information from interested parties to assist the Commission in determining whether a rulemaking should be pursued to require interexchange carriers (IXCs) to: 1) specify to their customers in writing the terms, rates and conditions of services offered to them; 2) notify subscribers in writing before initiating any rate increases;¹ and 3) notify subscribers in writing of a sale or transfer in ownership of the carrier. After reviewing the comments received, we conclude that a rulemaking for these specific issues is not necessary and that the comments received will be forwarded to the Commission's telecommunications steering committee for consideration in other, similar consumer-related rulemaking efforts. In addition, the Commission will continue to work on finding effective ways to educate the public on issues such as these, as well as finding ways to evaluate the public's understanding of telecommunication (and other) issues.

II. BACKGROUND

During the 1997 legislative session, L.D. 1788, "An Act to Require Notice to Telephone Subscribers of the Sale or Transfer of an Interexchange Carrier or a Change in Rates" was introduced and was ultimately carried over until next year's session by the Legislature's Joint Standing Committee on Utilities and Energy.

The purpose of the bill was to provide additional information to telephone consumers regarding changes in their interexchange service. Discussions on this bill in committee also included

¹ Chapter 280 §10 (A) currently requires interexchange carriers to notify customers at least 15 days prior to the effective date of a rate increase of 20% or more for any individual interexchange service offered by the interexchange carrier using a bill insert or separate mailing.

the question of whether interexchange carriers should also be required to provide the terms, conditions, and rates of services offered to customers in writing. The Committee agreed to carry over L.D. 1788 to next year's session, but also requested that the Commission consider, in the context of its rulemaking efforts, the need for these requirements.

In a letter to Chairman Welch, dated May 1, 1997, the Utilities Committee Chairs requested that the Commission examine two issues related to the conduct of intrastate, interexchange carriers. The first request was that the Commission consider and adopt methods to educate the public about existing telephone solicitation laws (possibly through bill inserts). The second request was that the Commission consider, in the context of its rulemaking on detariffing IXCs, whether IXCs should be required to provide in writing to subscribers the terms and rates for services offered.

In response to these requests from the Committee, the Commission issued a Notice of Inquiry (NOI) on July 8, 1997, to obtain information to determine whether a rulemaking should be pursued to require interexchange carriers to: 1) specify to their customers in writing the terms, rates and conditions of services offered to them; 2) notify subscribers in writing before initiating any rate increases; and 3) notify subscribers in writing of a sale or transfer in ownership of the carrier.

NYNEX, AT&T, and ACC Long Distance Corp. filed comments on the NOI. All three telephone utilities strongly urged the Commission not to adopt a rule for any of the three issues. The general consensus of the utilities was that the Commission should let market forces determine what consumers need for information. To stay competitive, IXCs will have to provide the information consumers want. The utilities also indicated that these requirements would put an undue burden on them and discourage competition in the state by creating requirements specific to the State of Maine. The utilities also stated that competition is the most effective guarantor of quality service and is the catalyst for prompting quick response to customer demands; therefore, the Commission need not take any additional measures to ensure that the marketplace operates effectively.

III. DECISION

Based on the comments received and staff's opinion on these issues, we will not adopt specific rules requiring IXCs to: 1) specify to their customers in writing the terms and conditions of

services offered to them; 2) notify subscribers in writing before initiating any rate increases; and 3) notify subscribers in writing of a sale or transfer in ownership of the carrier.

Nevertheless, we will solicit comments from interested parties on the issue of requiring telecommunications carriers to send, not later than with the first bill, a statement of rates for at least the plan to which the customer subscribed, as part of our planned revisions of Chapters 81 and 86. In addition, in those same revisions, we will examine and invite comment on the advisability of changing the percentage amount of a rate increase that triggers the Chapter 280 15-day prior notice requirement mentioned in footnote 1 of this order.

We therefore close Docket Number 97-286 and forward the comments received to the NOI to the team working on the rewrite of chapters 81 and 86. We will continue to educate the public on issues such as these, as well as evaluate the public's understanding of telecommunication and other utility issues. This includes our support and dissemination of the *Rate Watchers* intrastate toll brochure produced by the Office of the Public Advocate and the completion of other consumer outreach efforts.

The telephone solicitation issue will be addressed through a public outreach effort by the Commission. This will include issuing a Consumer Bulletin regarding telephone solicitation and consumer rights, and the inclusion of the Telephone Solicitation Brochure (produced by the Secretary of State's Office) with other telecommunication educational materials sent to persons calling the Commission.

Dated at Augusta, Maine this 17th day of October, 1997.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

Commissioners Voting for: Welch
 Nugent
 Hunt